

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 AF-06 ARA-06 EA-07 NEA-10 /135 W

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R 101845Z FEB 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1127

INFO USEC BRUSSELS 5329

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ACTION STR

H PASS CODEL

EO 11652: N/A

TAGS: ETRD; MTN

SUBJECT: US-EC DISCUSSION ON VALUATION

REF: MTN GENEVA 9349 OF DECEMBER 17, 1975

1. EC CUSTOMS SUBGROUP SPOKESMAN CHUMAS PAID BRIEF VISIT TO USDEL TO CLARIFY AND EXPAND UPON CERTAIN POINTS MADE IN RECENT DENT-SOAMES TALK CONCERNING VALUATION. HE WANTED TO DISPEL THE NOTION THAT THE EC WAS NOT INTERESTED IN NEGOTIATING CUSTOMS MATTERS IN THE MTN, AND INTRODUCE A REFINEMENT OF THE EC CONCEPT OF LINKAGE BETWEEN NTM ISSUES.

2. CHUMAS MAINTAINS THAT THE US AND THE EC HAVE A MUTUAL INTEREST IN IMPROVING VALUATION PROCEDURES. HE
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POINTED OUT THAT WHILE VALUATION GENERALLY OF LITTLE

SIGNIFICANCE IN US AND EC MARKETS BECAUSE OF LOW TARRIFFS, IT COULD BE A SIGNIFICANT FACTOR IN THIRD COUNTRY MARKETS WHERE TARIFFS ARE HIGHER. HE ADDED THAT WHILE ASP AND FINAL LIST WERE QUOTE LESS SIGNIFICANT TO OUR (EC) INDUSTRIES UNQUOTE THAN THEY WERE IN THE KENNEDY ROUND, HE THOUGHT THAT THE US AND THE EC HAD A MUTUAL INTEREST IN A GENERAL "RATIONALIZATION OF VALUATION RULES". THE EC IS STILL INTERESTED IN THE US ADOPTING THE BRUSSELS DEFINITION OF VALUE (BDV) AND NOTED THAT THE EC HAS AN INTEREST IN IMPROVING THE BDV. CHUMAS POINTED TO THE US ITC REPORT ON CUSTOMS VALUATION AND RECENT CONGRESSIONAL TESTIMONY AS AN INDICATION THAT THE US VALUATION SYSTEM IS RIPE FOR CHANGE. IN THIS CONNECTION, HE URGED US AND EC COOPERATION ON IMPROVING THE BDV AND OPINED THAT THE PLACE TO DO THIS WAS IN THE MTN FORUM RATHER THAN IN THE MORE TECHNICALLY ORIENTED CUSTOMS COOPERATION COUNCIL WHICH "DOESN'T PROVIDE THE RIGHT MACHINERY."

3. THE US RESPONDED THAT INDEED THERE ARE SOME ELEMENTS IN THE UNITED STATES THAT FAVOR THE BDV, BUT ITS ADOPTION IS NOT A US POLICY OBJECTIVE. WE STATED THAT WHILE WE ARE NOT THE DEMANDEURS IN THIS AREA OF THE NEGOTIATIONS, WE ARE CERTAINLY WILLING TO CONSIDER PROPOSALS MADE BY OTHERS. WE THEN REITERATED THE US POSITION THAT ANY POSSIBLE CHANGES IN THE US VALUATION SYSTEM WOULD HAVE TO BE ACCOMPANIED BY APPROPRIATE RECIPROCITY.

4. IN AN APPARENT EFFORT TO EXPAND UPON THE LINKAGE CONCEPT PROPOSED BY THE EC DURING THE JANUARY BILATERAL, CHUMAS STATED THAT THE US SHOULD NOT EXPECT PROGRESS IN AREAS OF THE NEGOTIATION OF INTEREST TO THE US WITHOUT SIMILAR PROGRESS IN AREAS OF INTEREST TO THE EC. WHILE THE US SHOULD NOT CONSIDER THIS A QUOTE THREAT UNQUOTE CONTINUED PROGRESS ON THE STANDARDS CODE COULD BE CONSIDERED CONTINGENT UPON SIMILAR PROGRESS ON VALUATION. US RESPONDED THAT WE DID NOT BELIEVE THAT PROGRESS IN ONE AREA OF NEGOTIATIONS SHOULD BE HELD HOSTAGE FOR ANOTHER BUT THAT NEGOTIATIONS ON VARIOUS ISSUES SHOULD PROGRESS AT THEIR OWN PACE. ONLY AT THE CONCLUSION OF THE NEGOTIATIONS WOULD THE "LINKAGE" OF VARIOUS NTM'S BECOME RELEVANT.

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5. AT CLOSE OF MEETING, CHUMAS GAVE US DEL COPY OF EC SUBMISSION ON VALUATION FOR MARCH 15 CUSTOMS MATTERS SUBGROUP MEETING (AIRMAILED IRVIN STR). HE STATED THAT HE HOPED US WOULD BE WILLING TO WORK WITH EC ON THIS PAPER ALONG THE LINES DISCUSSED IN PARA 5 REFTEL.

6. COMMENT: AT STANDARDS MEETING CONCLUDED FEB 6, NO MENTION

WAS MADE OF A DIRECT LINK TO VALUATION WORK. WE
WONDER THE EXTENT TO WHICH THIS DIRECT LINK REFLECTS
ACTUAL EC POLICY AND THE EXTENT TO WHICH IT IS SIMPLY
A NEGOTIATING PLOY TO LAY AN ANCHOR TO WINDWARD ON STANDARDS
IN THE EVENT THE EC MAY WANT, AT SOME FUTURE POINT, AN EXCUSE
TO SLOW THINGS DOWN ON STANDARDS. WALKER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFF NEGOTIATIONS, TARIFF CLASSIFICATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE00957
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760051-0282
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760264/aaaaceck.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 MTN GENEVA 9349
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2004 by ElyME>; APPROVED <03 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-EC DISCUSSION ON VALUATION
TAGS: ETRD, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006